



Honorable Mike K. Nakagawa  
United States Bankruptcy Judge



Entered on Docket  
August 24, 2023

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA

\* \* \* \* \*

In re: Case No. 23-10423-mkn  
CASH CLOUD, INC., Chapter 11  
dba COIN CLOUD, )  
Debtor. ) Date: August 17, 2023  
 ) Time: 10:30 a.m.  
)

**ORDER ON OBJECTION TO DEBTOR'S FIRST AMENDED CHAPTER 11 PLAN OF  
REORGANIZATION DATED AUGUST 1, 2023<sup>1</sup>**

On August 17, 2023, a combined hearing was conducted on final approval of the Debtor's Disclosure Statement for Chapter 11 Plan of Reorganization Dated May 8, 2023 ("Disclosure Statement") (ECF No. 529) as well as on confirmation of its proposed First Amended Chapter 11 Plan of Reorganization Dated August 1, 2023 ("Amended Plan") (ECF No. 996). The combined hearing was held in accordance with a prior order entered by the court that conditionally approved the Disclosure Statement. (ECF No. 554). An additional order was entered setting related deadlines, including the Debtor's submission of an updated liquidation analysis. (ECF No. 918). The hearing was continued provisionally to August 29, 2023.

Prior to the combined hearing, objections to plan confirmation were filed on behalf of the following parties: Brink's Incorporated (ECF Nos. 837 and 838); Christopher McAlary ("McAlary") (ECF No. 1061); and Cole Kepro International, L.L.C. (ECF No. 1070). Prior to

<sup>1</sup> In this Order, all references to "ECF No." are to the number assigned to the documents filed in the above-captioned bankruptcy case as they appear on the docket maintained by the Clerk of Court. All references to "Section" are to provisions of the Bankruptcy Code, 11 U.S.C. §§ 101, et seq.

1 the hearing, a ballot tabulation was filed. (ECF No. 1077). The tabulation reflects that proposed  
2 plan treatment has been accepted by Class 2(b) (Genesis Global Holdco, LLC) and by Class 3(b)  
3 (general unsecured claims at 96.42% by dollar amount and 95.45% by number). The tabulation  
4 also reflects that proposed plan treatment has been rejected by Class 2(c) (Enigma Securities  
5 Ltd.) and Class 3(a) (AVT Nevada). No ballots were cast in Class 4 (equity interests), as such  
6 interests are presumed to have rejected the proposed plan. Confirmation of the Amended Plan is  
7 supported by the Official Committee of Unsecured Creditors (“Creditors Committee”) previously  
8 appointed in this Chapter 11 proceeding. (ECF Nos. 131, 177, and 1066).

9 Prior to the hearing, Debtor filed and served a Notice of Filing of Proposed Order: (A)  
10 Approving Debtor’s Disclosure Statement [ECF No. 529] on a Final Basis; and (B) Confirming  
11 Debtor’s First Amended Chapter 11 Plan of Reorganization Dated August 1, 2023 [ECF No.  
12 996] (proposed “Plan Confirmation Order”). (ECF No. 1080). Additionally, Debtor filed and  
13 served a Notice of Filing of (A) Revised Exhibit A – Creditor Trust Agreement and Declaration  
14 of Trust; and (B) Redline of Exhibit A - Creditor Trust Agreement and Declaration of Trust  
15 Attached to Supplement to Debtor’s Chapter 11 Plan of Reorganization Dated May 8, 2023 [ECF  
16 No. 528] (“Creditor Trust Agreement”). (ECF No. 1081).

17 At the combined hearing, counsel on behalf of Brink’s Incorporated, Cole Kepro  
18 International, L.L.C., Enigma Securities Ltd., and AVT Nevada consented to the language in the  
19 proposed Plan Confirmation Order addressing their confirmation objections and proposed plan  
20 treatment. No party objected to the language or terms of the Creditor Trust Agreement.  
21 Additionally, Enigma Securities Ltd. as well as AVT Nevada did not object to language in the  
22 Plan Confirmation Order permitting cramdown treatment of their dissenting Classes 2(C) and  
23 3(a). In light of such consent, the court entertained oral argument on the remaining confirmation  
24 objection raised by McAlary.

25 McAlary is the only party that continues to object to plan confirmation, even though he is  
26 the one who signed the Debtor’s initial Chapter 11 Plan dated May 8, 2023 (ECF No. 528) and  
27 also signed the Disclosure Statement on behalf of the Debtor. Regardless of the atypical identity  
28

1 of the objecting party, however, the court has an independent duty to determine whether the  
2 Chapter 11 plan proponent has satisfied the requirements for confirmation under Section 1129.

3 McAlary's primary objection, in various forms, concerns whether the proposed Amended  
4 Plan is feasible under Section 1129(a)(11). McAlary maintains that the Amended Plan does not  
5 include an adequate means of implementation as required by Section 1123(a)(5) because its  
6 effective date does not occur until after payment of substantial administrative claims anticipated  
7 in this case. He argues that unless claims entitled to priority are paid on the effective date as  
8 required by Section 1129(a)(9), including Chapter 11 professional fees and other administrative  
9 claims under Section 507(a)(2), the Amended Plan simply cannot be implemented. Because the  
10 payment of all administrative claims depends on the uncertain results of further efforts to  
11 liquidate and/or collect sums claimed by the Debtor, McAlary concludes that there is insufficient  
12 evidence to determine when the proposed Plan will be effective and therefore no basis to find  
13 that the so-called "feasibility" requirement under Section 1129(a)(11) has been met.

14 Section 1129(a)(11) only requires, however, a finding that confirmation is "not likely to  
15 be followed by the liquidation...of the debtor...unless such liquidation...is proposed in the  
16 plan." In this instance, the initial Chapter 11 Plan dated May 8, 2023 "toggled" between two  
17 alternatives: one if the Debtor obtained a sale of substantially all of its assets, and the other if a  
18 sale did not occur. If the former, the Debtor's operations would cease and any remaining assets  
19 would be administered through a separate creditor trust; if the latter, a reorganized debtor would  
20 emerge to continue operations.

21 After an auction sale of substantially all of the Debtor's assets was approved (ECF No.  
22 795), Debtor filed the Amended Plan dated August 1, 2023 that implements the first toggle  
23 alternative, i.e., to cease operations and to liquidate its remaining assets through a creditor trust.  
24 The consequence of this alternative is dictated by the elements present under Section 1141(d)(3):  
25 the Debtor will not receive a bankruptcy discharge because it is liquidating all of its assets, it will  
26 no longer engage in business, and it is not an individual eligible for a discharge under Section  
27 727(a). Under these circumstances, the court concludes that the actual language used in Section  
28 1129(a)(11) has been satisfied, to wit: confirmation of the Amended Plan is not "likely to be

1 followed by the liquidation" of the Debtor because the purpose of the proposed plan itself is the  
2 liquidation of the Debtor.

3 The decision to liquidate a non-individual debtor in Chapter 11 rather than to convert to  
4 Chapter 7 or to simply dismiss the bankruptcy proceeding carries an additional implication.  
5 Under any one of the three alternatives – Chapter 11 liquidation, Chapter 7 conversion, or  
6 dismissal of the bankruptcy proceeding - the non-individual entity does not obtain a discharge of  
7 its personal liability for existing debts. Under any of the alternatives, unsecured creditors hope  
8 to be paid, if at all, from the unencumbered assets of the debtor. Bankruptcy, however, offers  
9 certain unique tools available to investigate the activities of a debtor (including by its insiders)  
10 and to recover assets transferred by a debtor. Because the administrative expenses of  
11 bankruptcy, whether in Chapter 11 or in Chapter 7, are paid if at all ahead of non-priority,  
12 unsecured claims, there is limited benefit in incurring additional priority administrative expenses  
13 by conversion to Chapter 7 if the same approach to recovering estate assets must be pursued.  
14 Thus, a Chapter 11 debtor's business judgment to liquidate in Chapter 11, rather than converting  
15 to Chapter 7, should be given considerable weight, especially if it is supported by an official  
16 committee of unsecured creditors. In this instance, the official Creditors Committee as well as  
17 over 95% of the nonpriority unsecured creditors casting ballots support confirmation of the  
18 Amended Plan.

19 Even if this conclusion is not dictated by the actual words used in Section 1129(a)(11),  
20 the traditional notions of Chapter 11 "feasibility" also have been satisfied. Once a permissible  
21 decision has been made to liquidate in Chapter 11 rather than to reorganize, far less is required to  
22 implement that decision. A reorganized debtor entity will not emerge, a restructuring of existing  
23 operations will not occur, a financing of ongoing activities will not be necessary, and a  
24 replacement of management is not required. Absent a restructuring or management succession,  
25 the disclosure requirements of post-confirmation management under Section 1129(a)(5) simply  
26 does not apply.

27 What does apply, however, is the consideration of how the administrative expenses  
28 incurred in the Chapter 11 proceeding will be paid. Indeed, the payment of allowed

1 administrative and other priority claims in bankruptcy is appropriately considered in every case.  
2 Absent such priority status, there is little incentive or inducement for third parties to provide  
3 postpetition goods or services to any bankruptcy estate. Section 1129(a)(9) reflects the  
4 contractual nature of Chapter 11 proceedings where priority claimants can insist on payment in  
5 full on the effective date of a plan, “except to the extent that the holder of a particular claim has  
6 agreed to a different treatment of such claim.” In other words, administrative creditors in certain  
7 Chapter 11 cases may conclude that their best hope of being paid all or a greater portion of their  
8 priority claims lies in confirming the proposed plan rather than preventing confirmation.  
9 Although multiple parties in this case have simply filed “administrative claims” or sought  
10 allowance of administrative claims, none have objected to confirmation of the Amended Plan.  
11 Similarly, the vast majority of nonpriority unsecured creditors support confirming a plan whose  
12 effective date occurs after allowed priority claims are paid in full. Under these circumstances,  
13 the court concludes that the requirements of Section 1129(a)(9) have been satisfied.

14 The degree of certainty required for a Chapter 11 plan to be feasible varies from case to  
15 case and plan to plan. In this instance, is there a certainty that the proposed creditor trust will  
16 succeed in collecting all of the assets it pursues? No. Is there certainty that a Chapter 7 trustee  
17 would succeed in collecting all of the assets that she or he pursues? No. Is certainty required?  
18 No. Is there a sufficient showing of certainty that the claims of the estate will be pursued? Yes.  
19 In conjunction with plan confirmation, Debtor seeks approval of a stipulation for the Creditors  
20 Committee to obtain derivative standing to pursue claims of the estate, including a possible claim  
21 against McAlary, as well as avoidance and collection claims typically held by the Chapter 11  
22 estate. That requested approval of the proposed stipulation is the subject of a separate order. In  
23 this instance, an overwhelming majority of the general unsecured creditor class accept an  
24 uncertain chance of receiving some return on their claims rather than a certainty of receiving no  
25 return at all on their claims.

26 Finally, the court considers McAlary’s objection to the Declaration of Tanner James, to  
27 which is attached the Debtor’s amended liquidation analysis. The declarant is the Debtor’s  
28 financial adviser who previously was authorized to file the updated liquidation analysis.

1 McAlary argues that Paragraphs 5, 7, 8, 10, 11, 12, 13, 15, 16, and 17 of the declaration contain  
2 inadmissible hearsay. No objection is raised, however, to the liquidation analysis attached as  
3 Exhibit 1 to the declaration, nor to the financial adviser's testimony in Paragraph 4 that the  
4 Amended Plan does not worsen the outcome for creditors. Moreover, McAlary does not object  
5 to the testimony in Paragraph 6 that the value of recoverable assets will materially degrade  
6 without the services of current Chapter 11 professionals. McAlary also does not object to the  
7 financial adviser's testimony in Paragraph 9 that the assets generated by the proposed creditor  
8 trust may be sufficient to pay all allowed administrative and priority claims in full, and possibly  
9 provide a small return to general unsecured claims. Regardless of the merit, if any, of McAlary's  
10 hearsay objections, the remaining uncontradicted testimony is significant. At the confirmation  
11 hearing, no request was made to cross-examine the declarant or to have him testify as a live  
12 witness. Moreover, no testimony was offered or provided from McAlary, or any competent  
13 witness, to dispute the liquidation analysis offered by the Debtor. On this record, the  
14 preponderance of the evidence presented supports a finding and a conclusion that the Amended  
15 Plan satisfies the requirements of Section 1129(a)(11), as well as the remaining applicable  
16 requirements of Section 1129(a) and 1129(b).

17 **IT IS THEREFORE ORDERED** that the Objection to Debtor's First Amended Chapter  
18 11 Plan of Reorganization Dated August 1, 2023, brought by Christopher McAlary, Docket No.  
19 1061, be, and the same hereby is, **OVERRULED**.

20 **IT IS FURTHER ORDERED** that Exhibit "1" to the Notice of Filing of Proposed  
21 Order: (A) Approving Debtor's Disclosure Statement [ECF No. 529] on a Final Basis; and (B)  
22 Confirming Debtor's First Amended Chapter 11 Plan of Reorganization Dated August 1, 2023,  
23 filed on August 16, 2023, as Docket No. 1080, is **APPROVED**. Counsel for the Debtors shall  
24 upload in final form the proposed order appearing as Exhibit "1" to the aforementioned Notice.

25 **IT IS FURTHER ORDERED** that the continued hearing in this matter scheduled  
26 provisionally for August 29, 2023, is **VACATED**.

27  
28 Copies sent via CM/ECF ELECTRONIC FILING

1 Copies sent via BNC to:

2 CASH CLOUD, INC.  
3 11700 W CHARLESTON BLVD., #441  
4 LAS VEGAS, NV 89135

PAUL R HAGE  
TAFT STETTINIUS AND HOLLISTER  
LLP  
27777 FRANKLIN ROAD, SUITE 2500  
SOUTHFIELD, MI 48034

5 UNSECURED CREDITORS  
6 SEWARD & KISSEL  
7 ONE BATTERY PARK PLAZA  
8 NEW YORK, NY 10004

JAMES M. JIMMERSON  
THE JIMMERSON LAW FIRM, P.C.  
415 SOUTH 6TH STREET, SUITE 100  
LAS VEGAS, NV 89101

8 CRAIGHEAD COUNTY TAX  
9 COLLECTOR  
10 511 UNION ST, SUITE 107  
JONESBORO, AR 72401

CHRISTOPHER D. JOHNSON  
DIAMOND MCCARTHY LLP  
909 FANNIN STREET, SUITE 3700  
HOUSTON, TX 77010

11 JARED A. DAY  
12 OFFICE OF THE US TRUSTEE  
13 300 BOOTH ST #3009  
RENO, NV 89509

ANDREW KISSNER  
MORRISON & FOERSTER LLP  
250 WEST 55TH STREET  
NEW YORK, NY 10019-3601

14 ALLAN B. DIAMOND  
15 DIAMOND MCCARTHY LLP  
16 909 FANNIN STREET, SUITE 3700  
HOUSTON, TX 77010

RICHARD KRUGER  
TAFT STETTINIUS & HOLLISTER LLP  
27777 FRANKLIN ROAD, SUITE 2500  
SOUTHFIELD, MI 48034

17 BRITTANY B. FALABELLA  
18 HIRSCHLER FLEISCHER, P.C.  
2100 EAST CARY STREET  
22 RICHMOND, VA 23223

JOHN J. LAMOUREUX  
CARLTON FIELDS, P.A.  
4221 W. BOY SCOUT BLVD., STE. 1000  
TAMPA, FL 33607

20 FOX ROTHSCHILD LLP  
21 1980 FESTIVAL PLAZA DR., SUITE 700  
22 LAS VEGAS, NV 89135

SHARA L LARSON  
GHANDI DEETER BLACKHAM  
725 S. SOUTH 8TH STREET SUITE 100  
LAS VEGAS, NV 89101

22 ROBERT J. GAYDA  
23 UNSECURED CREDITORS  
24 SEWARD & KISSEL  
25 ONE BATTERY PARK PLAZA  
26 NEW YORK, NY 10004

LAW OFFICE OF SHEA LARSEN  
1731 VILLAGE CENTER CIRCLE, SUITE  
150  
LAS VEGAS, NV 89134

26 JORDI GUSO  
27 BERGER SINGERMAN LLP  
28 1450 BRICKELL AVENUE, STE. 1900  
MIAMI, FL 33131

1 GARY LEE  
2 MORRISON & FOERSTER LLP  
250 WEST 55TH STREET  
3 NEW YORK, NY 10019-3601

4 CATHERINE V. LOTEMPIO  
5 UNSECURED CREDITORS  
6 SEWARD & KISSEL  
7 ONE BATTERY PARK PLAZA  
8 NEW YORK, NY 10004

9 ANDREW J. MATOTT  
10 SEWARD & KISSEL  
11 ONE BATTERY PARK PLAZA  
12 NEW YORK, NY 10004

13 MCDONALD CARANO LLP  
14 2300 WEST SAHARA AVE, STE 1200  
15 LAS VEGAS, NV 89102

16 JUSTIN M. MERTZ  
17 MICHAEL BEST & FRIEDRICH LLP  
18 790 N. WATER STREET, STE. 2500  
19 MILWAUKEE, WI 53202

20 LAURA MILLER  
21 SEWARD & KISSEL  
22 ONE BATTERY PARK PLAZA  
23 NEW YORK, NY 10004

24 SEAN A. O'NEAL  
25 STEEN & HAMILTON LLP  
26 ONE LIBERTY PLAZA  
27 NEW YORK, NY 10006

28 PROVINCE, LLC  
29 2360 CORPORATE CIRCLE, SUITE 330  
30 HENDERSON, NV 89074

RYAN T. SCHULTZ  
FOX, SWIBEL, LEVIN & CARROLL, LLP  
200 W. MADISON STREET, SUITE 3000  
CHICAGO, IL 60606

James M. Jimmerson  
The Jimmerson Law Firm, P.C. 415 S. 6th  
Street, Suite 100  
Las Vegas, Nevada 89101

ADAM P. SCHWARTZ  
CARLTON FIELDS, P.A.  
4221 W. BOY SCOUT BLVD., STE. 1000  
TAMPA, FL 33607

TN Dept of Revenue  
c/o TN Attorney General's Office  
Bankruptcy Division  
PO Box 20207  
Nashville, TN 37202

JANE VANLARE  
CLEARY GOTTLIEB STEEN &  
HAMILTON LLP  
ONE LIBERTY PLAZA  
NEW YORK, NY 10006

MICHAEL WEINBERG  
CLEARY GOTTLIEB STEEN &  
HAMILTON LLP  
ONE LIBERTY PLAZA  
NEW YORK, NY 10006

ROBERT S. WESTERMANN  
HIRSCHLER FLEISCHER, P.C.  
2100 EAST CARY STREET  
RICHMOND, VA 23223

KYLE M. WYANT  
SHEA LARSEN  
1731 VILLAGE CTR CR, STE 150  
LAS VEGAS, NV 89134

SIMON PROPERTY GROUP, INC.  
ATTN: RONALD M. TUCKER, ESQ.  
225 WEST WASHINGTON STREET  
INDIANAPOLIS, INDIANA 46204

1 Clark County Treasurer  
2 c/o Bankruptcy Clerk  
3 500 S. Grand Central Parkway Box 551220  
4 Las Vegas, Nevada 89155

5 Corporation Service Company, as  
6 Representative  
7 P.O. Box 2576  
8 Springfield, IL 62708

9 Franchise Tax Board  
10 Bankruptcy Section, MS A340  
11 P.O. Box 2952  
12 Sacramento, CA 95812

13 Corporation Service Company, as  
14 Representative  
15 801 Adlai Stevenson Drive  
16 Springfield, IL 62708

17 Enigma Securities Limited  
18 30 Panton Street, 6th Floor  
19 London, SW1Y 4AJ United Kingdom

20 Prime Alliance Bank, Inc.  
21 1868 South 500 West  
22 Woods Cross, UT 84087

23 Sectran Security Inc.  
24 Attn: Rony Ghaby  
25 P.O. Box 227267  
26 Los Angeles, CA 90022

27 Two Farms Inc. d/b/a Royal Farms Attn:  
28 John Kemp  
3611 Roland Avenue  
Baltimore, MD 21211

33 Sectran Security Inc.  
34 7633 Industry Ave  
35 Pico Rivera, CA 90660

36 Texas Workforce Commission Regulatory  
37 Integrity Division – SAU 101 E. 15th  
38 Street, Room 556  
39 Austin, TX 78778

40 # # #